

ORDER NO. 3472

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Tony Hammond

Competitive Product Prices  
Priority Mail Contract 133 (MC2015-67)  
Negotiated Service Agreement

Docket No. CP2015-98

ORDER APPROVING AMENDMENT TO  
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued August 17, 2016)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Amendment.

---

<sup>1</sup> Notice of United States Postal Service of Amendment to Priority Mail Contract 133, with Portions Filed Under Seal, August 16, 2016 (Notice). The amendment is an attachment to the Notice (Amendment).

In Order No. 2600, the Commission approved the Priority Mail Contract 133 negotiated service agreement (Existing Agreement).<sup>2</sup> On August 16, 2016, the Postal Service filed notice that terms of the contract have changed as contemplated by the contract's terms.<sup>3</sup> Notice at 1. The Postal Service states that the Amendment will become effective two business days following the day on which the Commission issues all necessary regulatory approval. *Id.* Attachment A at 1. The Postal Service asserts that the Amendment "will not materially affect the cost coverage of Priority Mail Contract 133." Notice at 1. The Postal Service incorporates by reference the Application for Non-Public Treatment originally filed in this docket for the protection of information that it has filed under seal. *Id.*

## II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying Amendment filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of

---

<sup>2</sup> See Docket Nos. MC2015-67 and CP2015-98, Order Adding Priority Mail Contract 133 to the Competitive Product List, July 20, 2015 (Order No. 2600).

<sup>3</sup> The Postal Service previously filed a notice informing the Commission of an amendment to Priority Mail Contract 133. Notice of United States Postal Service of Amendment to Priority Mail Contract 133, with Portions Filed Under Seal, July 21, 2016, at 1. The Postal Service withdrew that amendment. Notice of United States Postal Service of Withdrawal of Amendment to Priority Mail Contract 133, July 27, 2016. The Commission then closed the instant docket. Order No. 3450, Order Closing Docket, July 28, 2016. The Commission reopens the instant docket for the purpose of reviewing and approving the Existing Agreement, as amended.

institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment changes contract prices and adds an alternate method for determining subsequent years' contract prices in the annual adjustment provision. Notice, Attachment A at 1. It does not otherwise change the contract terms. See *id.* at 1-2.

Upon review, the Amendment does not negatively affect the cost coverage of Priority Mail Contract 133. Thus, the Amendment does not materially affect the underlying financial analysis of the Existing Agreement. The Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Other considerations.* The Amendment shall become effective two business days after the date that the Commission issues all regulatory approval. *Id.* at 1.

The Commission approves the Existing Agreement, as amended.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail Contract 133 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble  
Secretary